

Message Text

SECRET

PAGE 01 SANTIA 03057 021711Z

47

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 SP-02 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-02 H-02 PA-01 PRS-01 USIE-00 INRE-00 NSCE-00

SSO-00 /086 W

----- 004530

O 021633Z MAY 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC IMMEDIATE 3142

INFO AMEMBASSY PARIS IMMEDIATE

AMEMBASSY MADRID IMMEDIATE

S E C R E T SANTIAGO 3057

EO 11652: GDS

TAGS: EFIN, CI

SUBJ: CHILE DEBT RESCHEDULING

REF: STATE 102404

1. I SAW MINISTER SAEZ MORNING MAY 2. HE CONSIDERS FIRST SCENARIO FRO PARIS CLUB CREDITORS MEETING (REFTEL) TO BE FEASIBLE AND WOULD LIKE TO SEE IT ACCOMPLISHED. HE CONSIDERS SECOND SCENARIO UNWORKABLE, AS -- REGARDLESS OF ITS ULTIMATE OUTCOME -- THE DELAYS INVOLVED WOULD PREVENT CHILE FROM OBTAINING COMMERCIAL BANK CREDITS IT BADLY NEEDS, FROM HANDLING IMPENDING PAYMENTS ON GOC OBLIGATIONS, AND FROM MOVING AHEAD WITH CURRENT POSSIBILITIES FOR FOREIGN INVESTMENT IN CHILE. RESULT MIGHT BE TO PLACE CHILE IN A POSITION "CLOSE TO DEFAULT."

2. SAEZ IS PREPARED TO AGREE TO A SYMBOLIC STIFFENING OF PARIS CLUB SETTLEMENT TERMS, TO MEET POLITICAL NEEDS NOT ONLY OF GERMANS BUT OF JAPANESE. AS PREVIOUSLY

SECRET

SECRET

PAGE 02 SANTIA 03057 021711Z

REPORTED, HE WOULD SETTLE FOR A 10-10-10 AGREEMENT,

IN PLACE OF THE 5-5-10 ARRANGEMENT MADE IN 1974.
HOWEVER, SAEZ COULD NOT AGREE TO GERMAN DESIRE TO
INCLUDE IN RESCHEDULING AGREEMENT THE SETTLEMENTS
MADE WITH AMERICAN COPPER COMPANIES AND ITT. HE CITES
PARIS CLUB POSITION THAT NO COMMITMENT RENEGOTIATED
AFTER JANUARY 1, 1974 SHOULD BE SUBJECT TO FURTHER
RENEGOTIATION, AND CONSIDERS SETTLEMENTS WITH US
COMPANIES ALREADY REPRESENTED A RENEGOTIATION.

3. IN FACT, GOC THROUGH FINANCE MINISTER JORGE CAUAS
WILL BE SEEKING A US COMMERCIAL BANK CREDIT RUNNING
FIVE TO EIGHT YEARS AS A MEANS OF MEETING THE PAYMENTS
DUE IN 1975 ON THE AMERICAN COMPANY SETTLEMENTS. SAEZ
RECOGNIZES FULLY THAT COMMERCIAL BANKS WILL NEED SOME
INDICATION OF HOW PARIS CLUB IS GOING TO GO, BEFORE THEY
COMMIT THEMSELVES. FIRST SCENARIO APPEARS TO SAEZ ONLY
NEANS OF BRINGING THIS ABOUT.

4. SAEZ WILL LEAVE FOR GENEVA MAY 3. HE CAN BE REACHED
THERE THROUGH CHILEAN UN DELEGATION, HEAD OF WHICH IS
AMBASSADOR ABELARDO SILVA. SAEZ MIGHT VISIT BONN IF
GERMANS THINK IT WOULD BE USEFUL; WILL KEEP USG SOURCES
ADVISED RE HIS TRAVEL.

5. SAEZ CONSIDERS SAPIN A VERY SATISFACTORY INTER-
MEDIARY, UNDER FIRST SCENARIO. HE HAS SOME PROBLEMS
ABOUT GETTING IN TOUCH WITH THE SPANISH IN TIME,
EITHER IN PARIS THROUGH THEIR REPRESENTATIVE TORMOS
OR IN MADRID. HOPES WE CAN INDICATE TO SPANISH
THAT WE HAVE BEEN IN TOUCH WITH HIM AND THAT WE
UNDERSTAND CHILEANS WOULD BE HAPPY TO HAVE SPAIN PLAY
SUCH A ROLE. COMMENT: I HOPE WE CAN ACCOMMODATE
SAEZ IN THIS REGARD.

6. SAEZ HOPES THAT IF FIRST SCENARIO CAN BE FOLLOWED,
LETTER REQUESTING CHILEAN ACCEPTANCE OF RESCHEDULING
TERMS AGREED BY CREDITORS CAN BE PLACED IN HIS HANDS
WHILE HE IS STILL IN EUROPE. AS INDICATED ABOVE, HE IS PREPARED
TO ACCEPT SOME STIFFENING. FOR HIM, TIME IS OF THE ESSENCE.

SECRET

SECRET

PAGE 03 SANTIA 03057 021711Z

7. WOULD APPRECIATE BEING KEPT CLOSELY INFORMED OF PROGRESS
OF NEGOTIATIONS.
POPPER

SECRET

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEBT REPAYMENTS, MEETINGS, FOREIGN INVESTMENTS, FOREIGN POLICY POSITION, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SANTIA03057
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750154-1097
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750586/aaaadaqo.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: 75 STATE 102404
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 14 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 MAY 2003 by CunninFX>; APPROVED <01 OCT 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHILE DEBT RESCHEDULING
TAGS: EFIN, CI, PARIS CLUB, (SAEZ SAEZ, RAUL)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006